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SUBJECT: MALDIVES - ADVANCING U.S. EFFORTS ON WATER AND SANITATION

REF: A) STATE 128229 B) STATE 128599

**¶1.** Summary: Low-tech rainwater harvesting and groundwater collection are becoming inadequate to meet water supply and sanitation needs in the Maldives. The island nation's water supply shortages and sanitation problems were exacerbated by the 2004 Indian Ocean tsunami. The Government of Maldives (GoM) seeks to improve water and sanitation services through post-tsunami rebuilding activities and attracting private investment in water and sanitation services. Inadequate domestic expertise and funds are a challenge to reaching these goals. End Summary.

#### MALDIVES WATER SUPPLY AND SANITATION BACKGROUND

**¶2.** Maldives is an island nation with a population of 320,000. More than 100,000 live in the capital, the individual island of Male'. The remainder are dispersed across 200 inhabited islands ("outlying islands") clustered in 26 separate atolls. Maldives has long depended on Rain Water Harvesting (RWH) for its potable water requirements, augmented in some places by limited ground water. Population growth, urbanization, and tourism have caused both types of water supply to be overdrawn. These pressures were exacerbated by the 2004 Indian Ocean tsunami, which damaged sewerage networks and contaminated many ground water sources.

**¶3.** Water supply and sanitation on Male' and the two newly developed urban islands of Hulhumale' and Villingili differs from that of the outlying islands. On these developed islands, WSS services are provided by the Maldives Water and Sanitation Company (MWSC). All households and commercial establishments are connected to the network, which has a regulated tariff system. The WSS of the other 200 islands is primarily administered by the islands' respective atoll offices. Under this system, residents have free supply of water, which is sourced from either rainwater harvesting systems or ground water. No treatment is carried out. Sanitation is also free, and consists of semi-centralized collection, discharge and septic tanks.

**¶4.** Institutional Framework and Policy: The Ministry of Energy, Environment and Water (MEEW), established in 2005, is responsible for infrastructure development and policy formulation in the WSS sector. The GoM encourages private investments in the Maldives utilities sectors. The Maldives Water and Sanitation Authority (MWSA) formulates guidelines for such investment and acts as the regulator in the sector.

**¶5.** The GOM's WSS policies contain the following objectives:

- Water: Provide access to safe drinking water for all people with piped distribution; safeguard ground water capacity of islands; and enhance RWH collection in catchment areas.

- Sanitation: Provide systematic and safe sanitation for all people through centralized piped sewer and treatment systems; provide centralized septic tanks within communities with off-shore disposal.

-Community Involvement: Create a conducive environment for external agencies and investors to join as partners in WSS sector (private, public, community) and assist through appropriate legislation and legal systems.

**¶6.** In outlying islands, the administrative and development agenda is decided by the Ministry of Atolls Development (MoAD) at the central level, by the atoll chiefs at the atoll level and by the island chiefs at the island level, within the guidelines established by the Ministry of Energy, Environment and Water and other relevant ministries.

#### PRIORITY AREAS FOR USG INVOLVEMENT

**¶7.** Governance: As a relatively new ministry, the Ministry of Energy, Environment and Water lacks the management expertise and internal resources. Several donors also provide WSS services to some islands as part of post-tsunami aid. Geographic difficulties and inter-ministerial overlap have resulted in the Ministry of Energy, Environment and Water lacking sufficient authority to emerge as a proper focal point for decision making in the WSS sector. The Ministry needs to develop institutional capacity to interact effectively with relevant ministries, especially with the Ministry of Atolls Development.

**¶8.** Investment in Infrastructure: The GoM is interested in encouraging private investment in the WSS sector including, energy,

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housing, harbors and ports, and land reclamation.

**¶9.** Private Public Partnership: The Maldives Water and Sanitation Company is an example of public-private partnership in the WSS sector. The GoM and a Danish WSS investor have joined up to provide WSS services commercially. STELCO (the State Electricity Company) is a similar entity servicing the power sector. The Ministry of Energy, Environment and Water circulated guidelines in preparing RFPs for additional private investments in the WSS sector in May 2006. However, promotion of public-private partnerships is lacking. Opportunities exist to strengthen the regulatory process and develop the role of the Maldives National Chamber of Commerce in promoting public-private partnerships.

**¶10.** Present USAID Involvement in Maldives: As part of post-tsunami reconstruction efforts, the USG through the State Department pledged USD 8.65 million for installation of sustainable sewerage systems, rehabilitation of harbors and power systems, and capacity building for the Ministry of Finance. Separately, USAID will implement a USD 1.9 million Maldives Tsunami Reconstruction Program (MTRP) in the islands of Naifaru and Hinnavaru in the Lhaviyani Atoll (Atoll Population 12,000). The communities of both islands have been unanimous that the restoration and augmentation of the drinking water supply is more important than improving sewerage services. Program activities will commence during November 2006 and will continue for approximately 15 months. USAID has engaged the services of CH2M Hill as the prime contractor due to the contractor's performance and experience in Sri Lanka post-tsunami reconstruction. The MTRP program will consist primarily of:

- Installing two reverse osmosis units, to supplement water supply during the dry season;
- Assisting the community and Atoll office to enhance the RWH collection capacity;
- Supporting environmental health initiatives at the atoll hospital;
- Training the atoll office to operate and maintain a community water supply system through community participation;

- Capacity building of MEEW in project management in the WSS sector.

¶11. Comment: The GoM's receptiveness to private sector and community involvement in the water supply and sanitation sector is encouraging. At the same time, increased administrative and developmental independence of outlying islands will create a need for local- and atoll-level technical assistance, such as that which USAID plans to provide to two communities. The GoM would welcome similar USG or private assistance in meeting urgent WSS needs elsewhere in the island nation.

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